



Annual Report  
at December 31, 2008

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Staff Pension Plan  
for Employees of the  
Saskatchewan Legal Aid Commission

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## WHAT THE PLAN IS ALL ABOUT -----

### GENERAL

The Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission is a defined contribution plan (money purchase) registered under *The Pension Benefits Act, 1992* of Saskatchewan. The Plan is financed jointly by the Saskatchewan Legal Aid Commission and the members.

The Plan was established as the Staff Pension Plan for the Employees of the Saskatchewan Community Legal Services Commission on November 1, 1977. It was amended and the new name created as at September 1, 1983.

### GOVERNANCE

Effective January 1, 1996, the Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two sponsored by The Saskatchewan Legal Aid Commission and two sponsored by the Canadian Union of Public Employees (C.U.P.E.), Local 1949.

Trustees during 2008 were:

- From C.U.P.E., Local 1949: Shirley Faris and Aline Zakowsky
- From the Commission: Dona Jones and Janice Lawrence, Q.C.

Trustees appointed for 2009 are:

- From C.U.P.E., Local 1949: Shirley Faris and Aline Zakowsky; and,
- From the Commission: Dona Jones and Janice Lawrence, Q.C.

**The Vision:** To provide retirement income to supplement other government and personal savings and retirement plans.

**The Mission:** To advance the financial security of all plan members and beneficiaries by providing pension benefits.

#### **Goals**

1. To educate members to make investment decisions with an understanding of risks and retirement options.
2. To provide responsible governance.

3. To determine a range of appropriate investment options and to monitor them on an on-going basis.
4. To administer the plan in an efficient and effective manner.
5. To promote employee responsibility in retirement planning.
6. To initiate and promote effective communication among stakeholders.

### ADMINISTRATION

The duties and responsibilities of the Trustees are plan design, plan administration, investment of funds and communication and education. Some of the responsibilities are the decision to retain or release plan providers, to monitor performance, to monitor communication and education services and to monitor the recordkeeping services.

The Commission provides day-to-day administration for the Trustees.

Before January 1996, the Trustees had an agreement with the North American Life Assurance Company (NALAC) to serve as the Plan's investment agency, investment custodian, and record keeper. Effective January 1, 1996, NALAC amalgamated with the Manufacturers Life Insurance Company (Manulife Financial) and this agreement continues with Manulife Financial.

Aon Consulting Inc. provides investment consulting to the Trustees. The consultant assists the Trustees' education about investment and reviews all Plan documents and recommends any necessary modifications for compliance with pension legislation.

Aon Reed Stenhouse provides fiduciary liability insurance for the Trustees.

### CONTRIBUTIONS

Effective October 1, 2008, all employees eligible for the pension plan contribute 5.7 % of their earnings. Previously, the rate was 5.5%. Notwithstanding the preceding, employees who contributed 8% as at June 1, 2005 continue to contribute 8% of their earnings as per an agreement reached between the Commission and

C.U.P.E., Local 1949. The Commission matches the member's required contributions. The Commission's contributions are vested after two years of service. All members' contributions made before 1994 are considered additional voluntary contributions. The Commission's contributions made before 1994 are considered required contributions and are subject to the minimum requirements of *The Pension Benefits Act, 1992* of Saskatchewan.

Members may make additional voluntary contributions that are not matched by the Commission.

#### **RETIREMENT, TERMINATION OR DEATH**

The normal retirement date is the first day of the month coinciding with or next following a member's 65<sup>th</sup> birthday. A member may elect to retire within the 10 year period prior to the normal retirement date. A member may postpone receiving pension income until the end of the year in which he/she turns 71.

Upon retirement from employment, termination or death, a member's pension benefits, subject to vesting status, must be transferred from the Plan to another financial institution. Effective September 1, 2000, a member whose employment is terminated with the Commission must elect to transfer benefits from the Plan. If the member fails to make an election within 90 days after being provided with a statement outlining options and deadlines, the member's account will be transferred to a deferred life annuity, which is not commutable. Effective April 1, 2002, a member eligible to retire may transfer funds from the pension plan directly to a prescribed RRIF, subject to spousal consent.

Under Saskatchewan legislation, unless a spouse waives their entitlement to death benefits, if a plan member has a spouse at retirement, legislation requires that the member receives a pension payable for the member's lifetime, and following the plan member's death, the spouse must receive at least 60% of the member's pension payable for the lifetime of the spouse. Choosing any other form of pension requires the completion of a waiver form by the spouse. A plan member's spouse also has entitlements at the member's retirement.

"Spouse" is defined by *The Pensions Benefits Act, 1992* as: (a) a person who is married to the member or (b) if a member is not married, a person with whom the member is cohabiting as spouses and who has been cohabiting continuously with the member as his or her spouse for at least one year prior to the relevant time.

#### **INVESTMENTS**

Each member makes the investment selection of the member and Commission contributions. The ultimate risk under the pension fund is borne by individual members.

The Plan allows participating members to invest in either Guaranteed or Pooled funds. These funds offer a choice of different levels of income and growth, guarantees and risk taking. Interest rate risk is a specific type of risk that results from interest rate changes. It affects both Guaranteed Funds and Pooled Funds.

Credit risk is associated with a debtor defaulting on a loan payment or the entire loan. The credit risk for a Guaranteed fund would result from the carrier (Manulife Financial) failing to honour the certificate, while the credit risk in a Pooled fund results from the individual debt securities within the fund.

With the implementation of a Statement of Investment Policy and Goals, credit risk and other forms of investment risk have been minimized by regulating aggregate and individual investment levels, the types of investment categories, and quality of investments to be held in the Pooled funds.

#### **Individual Investment Limits**

- Aggregate investments (stocks, bonds and short term investments) of any one issuer, other than the Government of Canada or a province, should not exceed 10% of the market value of the total portfolio held within any pooled fund.
- No more than 15% of the fixed income portfolio may be invested in BBB rated bonds.
- No investment will be permitted in real estate or resource properties.

## Quality of Investments

Plan assets will be invested in Pooled Funds that meet the following quality parameters:

- Investments in Canadian short-term notes and treasury bills will be rated R1-low or higher by Dominion Bond Rating Services.
- Investments in Canadian bonds and debentures will be rated AAA, AA and A by Dominion Bond Rating Services. Investments in BBB bonds are also permissible, provided that the overall bond quality does not go lower than A.
- Investments in non-Canadian short-term notes, treasury bills, bonds and debentures will be restricted to securities meeting local rating service criteria comparable to those above for Canadian securities, and
- All investments will be made in accordance with the Code of Ethics and Standards of Practice of the CFA Institute.

## Constraints

No investment in "venture capital funds" shall be permitted.

All investments will satisfy the criteria established by the *Income Tax Act (Canada)* and *The Pension Benefits Act, 1992* (Saskatchewan).

No borrowing by the Plan sponsor or any other party involved with the management of the pension fund is allowed.

No derivative instruments such as options, futures, warrants can be used in a speculative manner but it will be allowed under a hedging strategy.

## Guaranteed Funds

Manulife Financial manages the Guaranteed funds offered by the Plan. These funds are made up of a current interest bearing account and GIC's with terms of 1 year to 5 year, and 10 year.

## Pooled Funds

Various investment managers under contract with Manulife Financial manage the Pooled funds. The Funds have no fixed interest rate and

the Pooled funds returns are based on the performance of the funds. These funds include investment in the following Manulife Financial Funds at December 31, 2008:

### Asset Allocation

**Conservative Asset Allocation Fund:** This fund is managed to provide a high level of current income and capital preservation with some consideration given to growth of capital. This fund is diversified by asset class and investment styles with the objective of achieving superior risk-adjusted returns over the long term. The fund will generally maintain 80% of its investments in bond funds and 20% in equity funds, though each segment may vary up to 10% from time to time.

**Moderate Asset Allocation Fund:** This fund is managed to provide a balance between current income and growth of capital, with a greater emphasis on income and capital preservation. This fund is diversified by asset class and investment styles with the objective of achieving superior risk-adjusted returns over the long term. The fund will generally maintain 60% of its investments in bond funds and 40% in equity funds, though each segment may vary up to 10% from time to time.

**Balanced Asset Allocation Fund:** This fund is managed to provide a balance between growth of capital and current income, with a greater emphasis on growth of capital. This fund is diversified by asset class and investment styles with the objective of achieving superior risk-adjusted returns over the long term. The fund will generally maintain 60% of its investments in equity funds and 40% in bond funds, though each segment may vary up to 10% from time to time.

**Growth Asset Allocation Fund:** This fund is managed to provide long term growth of capital, with some consideration given to current income. This fund is diversified by asset class and investment styles with the objective of achieving superior risk-adjusted returns over the long term. The fund will generally maintain 80% of its investments in equity funds and 20% in bond funds, though each segment may vary up to 10% from time to time.

**Aggressive Asset Allocation Fund:** This fund is managed to provide a long term growth of capital, with no consideration given to current

income. This fund is diversified by asset class and investment styles with the objective of achieving superior risk-adjusted returns over the long term. The fund will generally maintain 100% of its investments in equity funds though each segment may vary up to 10% from time to time.

#### **Canadian Bond**

**McLean Budden Fixed Income Fund:** This fund is managed for a balance of security and growth over a period of at least four years. This fund provides moderate real rates of return, primarily through income, by investing in a diversified portfolio of high quality Canadian and foreign (up to 10 %) debt securities such as bonds, debentures and T-Bills.

#### **Balanced**

**McLean Budden Balanced Growth Fund:** This fund is managed for a balance of security and growth. This fund invests in Canadian and foreign equities and fixed income securities issued by Canadian governments and corporations, and may also invest in foreign pay bonds, up to 10% of fixed income portfolio. This fund provides superior real rates of return both through income and capital appreciation.

**Manulife Leith Wheeler Diversified Pooled Fund:** This fund seeks to provide investors with a relatively stable, superior long-term rate of return through a balanced portfolio of common shares and fixed income securities.

#### **Canadian Equity**

**McLean Budden Canadian Equity Growth Fund:** This fund is managed for a balance of security and growth over a period of at least four years. This stock fund invests in a diversified portfolio of Canadian stocks and convertible securities. The fund was developed to provide superior rates of return, primarily through capital appreciation, by investing in a diversified portfolio of Canadian equities.

#### **Manulife Canadian Large Cap Value Equity**

**Fund:** This fund is managed to achieve above average long-term capital growth, primarily through investment in common shares of listed Canadian companies with relatively large market capitalization.

#### **Global Equity**

**McLean Budden Global Equity Fund:** This fund is managed to provide a superior rate of return,

primarily through capital appreciation. The fund invests in a diversified portfolio of 60-80 non-Canadian equities. Security selections emphasize large companies with prospects for above average earnings growth.

#### **U.S. Equity**

**MFC Global Pooled U.S. Index Fund:** This fund aims to achieve investment results that approximate the total return of the S&P 500 Stock Index, one of the most well regarded benchmarks for the U.S. equity market. This is a passively managed fund. To achieve its investment objective, the fund will invest directly in common shares and may also use derivative instruments such as futures in order to replicate the returns of the S&P 500 Stock Index. The fund may also invest a portion of its funds in cash.

**McLean Budden American Equity Fund:** This fund aims for long term capital growth by investing in well capitalized U.S. equity securities. The fund invests in large and medium sized U.S. company stock from the S&P which possess strong earnings potential, proven management, financial strength, business potential, earnings stability and good return on equity.

#### **International Equity**

**Manulife International Equity Fund (Templeton):** This international stock fund is managed to achieve long-term capital appreciation, primarily through investments in equity securities of companies outside of Canada and the United States. Franklin Templeton's investment philosophy is based on identifying undervalued companies that, over time, may produce the greatest share price returns with minimum risk. Bottom up analysis and a worldwide network of experienced research professionals are used to identify undervalued stocks.

#### **Specific Investment Objectives**

The different pooled funds are actively managed by the Investment Managers and the performance of these pooled funds is evaluated twice per year (June 30 and December 31). Should the Investment Managers fail to achieve satisfactory performance in any consecutive four-year moving average period, the Trustees will determine whether another investment firm should manage some or all of the pension fund assets.

Independent of the investment performance analysis, the Trustees decide annually if there are any other reasons to change Investment Managers. Such reasons could include a significant turnover in staff, failure to meet responsibilities established, failure to meet

investment constraints established, and failure to comply with the Pension Plan's Statement of Investment Policy & Goals.

The Trustees have identified specific investment objectives for each investment alternative.

Investment Alternative	Investment Objective
GLCs	90% of the average guaranteed rate of return offered by a group of 5 financial institutions for the same period
Asset Allocation Funds	At least 100% of the applicable Benchmark portfolio
McLean Budden Canadian Equity Growth Fund & Manulife Canadian Large Cap Value Equity Fund	100% of the return on the S&P/TSX Capped Composite Index
McLean Budden Fixed Income Fund	100% of the return on the DEX Universe Bond Index
McLean Budden American Equity Fund	100% of the return on the S&P 500 (Cdn\$) Index
MFC Global Pooled U.S. Index Fund	Within +/- 0.2% of the return on the S&P 500 (Cdn\$) Index
International Equity Fund (Templeton)	100% of the return on the MSCI EAFE (Cdn\$) Index
McLean Budden Global Equity Fund	100% of the return on the MSCI World (Cdn\$) Index
McLean Budden Balanced Growth Fund & Manulife Leith Wheeler Diversified Pooled Fund	100% of the return on the Benchmark portfolio

## WHAT THE PLAN HAS DONE -----

### Operating Targets

The targets are as indicated in the specific investment objectives listed in the previous section.

### Member Services and Satisfaction

The Trustees have received no concerns that were not dealt with by Manulife Financial.

### Compliance with the Law

Annual Returns for the Canada Revenue Agency and Saskatchewan Financial Services Commission, Pension Division were filed on a timely basis during 2008.

### Operating Costs

Trustees are not paid any remuneration over and above their regular salaries from the Saskatchewan Legal Aid Commission, for their participation as a Trustee. CUPE, Local 1949 reimburses the Legal Aid Commission for salary and benefits costs for their appointees.

The annual operating expenses associated with the Plan's administration are borne by the Plan, except for day-to-day administrative costs. The Plan may be charged with investment agency, investment advisor, fund custodian, consulting fees, and with any expenses in respect of the Plan reasonably and properly incurred by the Trustees in the administration and operation of the Plan. Effective April 1, 1997, any forfeited amounts that arise are applied towards the payment of any fees and expenses incurred by the Plan.

Effective January 1, 2000, the Plan entered into an agreement with Aon Consulting Inc. to help administer the annual operating expenditures associated with the Plan's administration.

	Budget 2009	Budget 2008	Actual 2007
Consult.	45,000	60,978	\$61,218
Fees			
Other exp. (education)	9,250	3,535	3,676
Insurance	3,450	3,450	3,450
Reg. Fees	800	780	710
Totals	58,500	68,743	\$69,054

Investment Manager Fees: These fees include all fund manager fees, Manulife Financial's fees and the plan's administrative costs. At December 31, 2008 the fees were:

Manulife International Equity Fund (Templeton) – 1.50%

All of the 5 Asset Allocation Funds & McLean Budden Global Equity Fund – 1.35%

MFC Canadian Large Cap Value Fund – 1.30%

Leith Wheeler Diversified Pooled Fund – 1.20%

McLean Budden Fixed Income Fund, McLean Budden Balanced Growth Fund, McLean Budden Canadian Equity Growth Fund, McLean Budden American Equity – 1.10%

MFC Global Pooled U.S. Index Fund – 1.05%

### Rolling 4 year Annualized Rate of Return

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives. The Trustees review the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to out perform a benchmark portfolio.

Each member makes the investment selection of the member and the Commission contributions. The Plan allows participating members to invest in Guaranteed and/or Pooled funds. These funds offer a choice of different levels of income and growth, guarantees and risk taking.

The following is a summary of the Plan's investment performance:



Fund	Assets	% of Fund	1 year Actual Annualized Return (a)	1 year Objective Return (b)	4 year Actual Annualized Return (b)	4 year Objective Return (b)	4 year return Difference (Actual - Objective) (may be some rounding differences)	4 year Objective Met?	Investment Management Fees
Guaranteed Investments:	\$4,476,778	29.86%	Ranges during the year: 0.600- 1.300 2.350- 3.850 2.700- 3.700 3.100- 4.000 3.250- 4.050 3.300- 4.200 3.600- 4.550	1.83 %	Not applicable	Not applicable			
Daily									
1 year GIA's									
2 year									
3 year									
4 year									
5 year									
10 year									
Conservative Asset Allocation Fund Active	\$315,276	2.10%	-4.08%	-1.76%	3.45%	3.75%	-0.30%	No	1.350%
Moderate Asset Allocation Fund Active	\$138,791	0.93%	-10.83%	-8.70%	2.49%	2.74%	-0.25%	No	1.350%
Balanced Asset Allocation Fund Active	\$1,083,013	7.22%	-18.43%	-15.70%	1.16%	1.73%	-0.57%	No	1.350%
Growth Asset Allocation Fund Active	\$496,786	3.31%	-25.50%	-22.94%	-0.12%	1.20%	-1.32%	No	1.350%
Aggressive Asset Allocation Fund Active	\$259,399	1.73%	-31.89%	-30.08%	-1.35%	0.41%	-1.76%	No	1.350%
Manulife Leith Wheeler Diversified Pooled Fund	\$2,308,499	15.40%	-16.88%	-15.68%	1.52%	2.15%	-0.63%	No	1.200%
Manulife McLean Budden Fixed Income Fund	\$922,604	6.15%	6.96%	6.41%	4.98%	5.14%	-0.16%	No	1.100%
Manulife McLean Budden Balanced Growth Fund	\$1,184,313	7.90%	-17.50%	-15.52%	1.62%	2.26%	-0.64%	No	1.100%
Manulife McLean Budden Canadian Equity Growth Fund	\$2,185,951	14.58%	-37.88%	-33.00%	0.85%	1.73%	-0.88%	No	1.100%
Manulife McLean Budden American Equity Fund (d)	\$149,513	1.00%	-22.04%	-21.17%	-3.00%	-4.49%	1.49%	Yes	1.100%
Manulife McLean Budden Global Equity Fund (d)	\$93,149	0.62%	-21.73%	-25.84%	-2.27%	-3.27%	1.00%	Yes	1.350%
MFC Canadian Large Cap Value Equity Fund	\$750,424	5.01%	-34.57%	-33.00%	-0.32%	1.73%	-2.05%	No	1.300%
MFC Global Pooled U.S. Index Fund (c) (d)	\$12,355	0.08%	-21.82%	-21.41%	-4.98%	-4.84%	-0.14%	Yes	1.050%
Manulife International Equity Fund (Templeton) (d)	\$616,284	4.11%	-31.29%	-29.17%	-2.57%	-1.79%	-0.78%	No	1.500%
Total Fund	\$14,993,135	100%							

a) The rates of return are calculated before deducting investment expenses. Source: Manulife Financial and Aon Consulting Inc.

b) Source: Aon Consulting Inc.

c) Objective of the fund is to achieve an average rate of return over a four year moving average period that is within +/- 0.20% of the return on the S&P 500 (CAD) index.

d) These funds are recent additions to the investment options offered to the plan members. The performance history has been shown for illustrative purposes.

## WHERE THE PLAN IS NOW

### Assessment of the Plan's Current Situation

The Provincial Auditor audited the statement of net assets available for benefits of the Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission at December 31, 2008 and the changes in net assets available for benefits for that year. In his opinion, the financial statements present fairly, the financial position of the Plan at December 31, 2008.

The plan continues to have a relatively high level of GIAs, 29.86% at December 31, 2008.

Plan members have 70.14% of assets in 14 pooled funds. Of the total amount, 15.29 % is in the five Asset Allocation funds.

Three out of fourteen funds met the 4-year return target. The under performance of the other eleven funds was not severe enough for the Trustees to consider replacing them at their last meeting where performance of the funds as at December 31, 2008 was reviewed. The Trustees will continue to monitor the performance of the funds. A couple of funds had some investment personnel changes over the last year. The Trustees will also continue to monitor the impact of these changes on the performance of the funds.

About 26% of plan members have set a retirement goal using the Manulife website in order to track their own retirement goals. Compared to all of Manulife Financial's Group Registered Pension Plans, where 6% have set goals, our plan is progressing.

In our plan, 38% of members are on track to meeting their retirement goals, compared to 34% of all Manulife's Group Plans.

68% of our plan members have an active Personal Identification Number allowing access to their accounts on Manulife's secure website. This compares to 35% of all Manulife's Group Plans.

The average account balance per active member in our plan is \$93,125 (as of December 31, 2008), compared to \$21,897 for all Manulife's Group Plans.

The average annual contribution per member (including member and employer contribution) in our

plan is \$7,969 compared to \$3,138 for all Manulife's Group Plans.

### Progress in Meeting Goals and Objectives

1. To educate members to make investment decisions with an understanding of risks and retirement options.

- Trustees distributed the Annual Report for the Pension Plan in June 2008.
- Trustees planned for the Education of Members component of the Staff Seminar in September 2008 which had a fund manager speak to the group regarding a day in the life of a fund manager in regards to how they make decisions and the market outlook.
- Trustees reviewed and updated the Employee Pension Booklet for distribution of a printed copy to all plan members in early 2009.
- Trustees updated the section on the staff website with any changes to Pension information.

2. To provide responsible governance.

- During 2008, the Trustees met four times - in March, June, September and November. Trustees also consulted by phone and e-mail.
- Trustees regularly reviewed the Governance Manual.
- Trustees updated the Strategic Plan
- Trustees conducted their annual self-assessment of governance.
- The Provincial Auditor's reports and financial statements were reviewed as well as the required annual returns for the pension plan.
- A budget for administrative expenses was prepared and monitored.
- Trustees conducted an annual review of the service providers: Aon Consulting Inc., Manulife Financial and the Saskatchewan Legal Aid Commission.

3. To determine a range of appropriate investment options and to monitor them on an on-going basis.

- Trustees reviewed the performance of the pension funds in March 2008 and September 2008.
- The Statement of Investment Policy and Goals (SIP&G) was reviewed and updated

in June to reflect the changes made to the policy mixes of the Asset Allocation Funds. This was finalized in September, also reflecting the one fund change in 2008 due to potential non compliance with the SIP&G.

- Trustees added one fund and removed one fund from the Investment Structure in 2008 due to potential violation of the SIP&G.

4. To administer the plan in an efficient and effective manner.

- Trustees regularly reviewed the Governance Manual and checklists.
- Administrative costs were monitored.
- The Plan Document was updated to allow more flexibility for members who are on a leave of absence or disability to continue to make contributions to the Plan.

5. To promote employee responsibility in retirement planning.

- Trustees planned for the Education of Members component of the Staff Seminar in September 2008 which focused on a day in the life of a fund manager and how they choose the investments and thoughts on the future market outlook.

6. To initiate and promote effective communication among stakeholders.

- The Trustees reviewed Aon Consulting Inc.'s Investment Monitoring Report at December 31, 2007 and June 30, 2008.
- Trustees also met with Manulife Financial in March 2008.
- Financial Statements for the Pension Plan were filed with the Saskatchewan Legislative Assembly.

#### Financial Highlights

Refer to the attached financial statements for details.

#### Statement of Net Assets Available for Benefits at December 31

	2008	2007
<b>Assets</b>		
<b>Investments:</b>		
Forfeiture account	13,426	3,422
Guaranteed funds	4,476,778	3,142,789
Pooled Funds	10,516,357	14,168,614
Total assets	15,006,561	17,314,825
<b>Liabilities</b>		
Administrative Expenses payable	3,259	275
Due to Terminated members	292,203	23,842
<b>Net Assets Available for Benefits</b>	<u>14,711,099</u>	<u>17,290,708</u>

#### Information on Significant Matters

There were no matters to report.

#### Membership Status

	2008	2007
# Active members at Jan.1	156	142
New Entrants	13	25
Exits	(12)	(11)
# Active members at Dec.31	157	156

## WHAT THE PLAN INTENDS TO DO -----

### Plan's Future Intentions

1. To educate members to make investment decisions with an understanding of risks and retirement options.

- In 2009, Trustees will undertake to review education topics for members.
- Trustees will distribute the Annual Report to plan members in mid 2009.
- Trustees will monitor the pension section of the staff section of the website [www.legalaid.sk.ca](http://www.legalaid.sk.ca).

2. To provide responsible governance.

- Trustees have meetings planned for March, June, September and November 2009.
- Trustees will conduct a governance self assessment.
- Trustees will continue to have regular educational sessions at their quarterly meetings.

3. To determine a range of appropriate investment options and to monitor them on an on-going basis.

- Trustees will review the Statement of Investment Policy and Goals.
- The March and September 2009 meetings will include an Investment Performance Review for the periods January to December 2008 and January to June 2009.

4. To administer the plan in an efficient and effective manner.

- Trustees will review the Governance Manual, i.e., the Periodic Checklist, on a regular basis.
- Trustees will monitor administrative costs of the plan.

- Trustees will review the Plan Document for any needed changes.

5. To promote employee responsibility in retirement planning.

- Trustees will review the Education of members that have been covered over the past years and plan for the future.
- Trustees will monitor the retirement planning tools available from Manulife Financial.
- Trustees will pilot a retirement seminar for plan members.

6. To initiate and promote effective communication among stakeholders.

- Trustees will meet with Aon Consulting Inc. and Manulife Financial during the year

### Changes in Goals, Objectives, Strategies to Improve Performance

During 2009, Trustees will review the Statement of Investment Policy and Goals to reflect the necessary changes made to the policy mixes of funds on the platform; clarify/update the allocation of responsibilities to reflect the current practice; and conduct a detailed review the Statement of Investment Beliefs.

### Anticipated Changes affecting Plan Assets, Liabilities, Future Revenue and Expenses, Plan Membership, Approved Changes in Legislation

Trustees will continue to monitor and make any required plan changes as necessary.

## FINANCIAL PLANNING

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Everyone should have a financial plan.

Under any type of financial planning there are risks:

- Investment risk can be lessened by diversification
- Financial planning can lessen contribution risk.

As personal financial planning involves government programs (i.e., C.P.P.), individual savings as well as employment programs (i.e., pension plans), it is important to obtain individual financial planning advice to determine each individual's appropriate investment strategy.

A financial planner can help you map out a strategy for achieving specific goals, like building a retirement income or saving for your children's education.

### **For individual financial planning advice, the Trustees suggest:**

- Contact a Financial Advisor in your local community.
- Financial Planners have many designations: Chartered Financial Planners (CFP), Chartered Financial Consultant (CFC), Fellow of the Canadian Securities Institute (FCSI), Certified Investment Manager (CIM), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Certified Management Accountant (CMA), or Certified General Accountant (CGA).
- Financial Planners work in banks, credit unions, trust companies, brokerage firms, accounting offices or may operate independently. Your financial institution, lawyer, accountant or even a friend may recommend a financial planner.
- Find out about a financial planner's experience, educational qualifications, fees and how he/she is paid. Ask for references.
- Manulife Financial employs Financial Education Specialists. The role of the Financial Education Specialist is to provide members with assistance in understanding their investment options and helping members choose the investment option best suited for them, and to explain options at retirement or termination of employment.

- Call **1-888-245-5558** Monday to Friday, 9 am to 5 pm EST.

Plan members are encouraged to use the web site at [www.manulife.ca/GRO](http://www.manulife.ca/GRO) to plan, track and manage investments. To use the website, plan members need a Customer Number (from the first page of a statement) and a Personal Identification Number. To obtain a PIN call Manulife Financial at **1-888-727-7766**.

Plan members can track their own investments by reviewing account balances, viewing personal rates of return, getting current unit values and interest rates, tracking deposits and reviewing current investment directions.

Plan members can manage their own investments online by transferring money between investments, changing investment direction, change reinvestment instructions and change mailing addresses.

Manulife's STEPS Retirement Program helps set retirement income goals, creates a plan and helps a member monitor the plan.

To create a Retirement Income Illustration for a RRIF or PRIF, go to the Manulife website and click on "ready to Retire" tab on the left side of the screen.

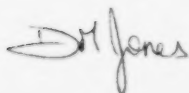
The Saskatchewan Financial Services Commission, Pension Division, has several informational items on its website at: [www.sfsc.gov.sk.ca/Pensions](http://www.sfsc.gov.sk.ca/Pensions).

## MANAGEMENT'S REPORT -----

The Trustees of the Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission consist of four members, two appointed by the Saskatchewan Legal Aid Commission, and two appointed by C.U.P.E., Local 1949.

The financial statements which follow have been prepared by management of the Saskatchewan Legal Aid Commission in conformity with accounting principles generally accepted in Canada and have been approved by the Trustees. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements have been audited by The Provincial Auditor of Saskatchewan whose report follows.



Dona M. Jones, B.Comm.  
Director of Human Resources and Trustee



Jerome B. Boyko, B.Comm., CA  
Director of Finance

Saskatoon, Saskatchewan  
March 20, 2009



**Provincial Auditor Saskatchewan**

1500 Chateau Tower  
1920 Broad Street  
Regina, Saskatchewan  
S4P 3V2

Phone: (306) 787-6398  
Fax: (306) 787-6383  
Web site: [www.auditor.sk.ca](http://www.auditor.sk.ca)  
Internet E-mail: [info@auditor.sk.ca](mailto:info@auditor.sk.ca)

SASKATCHEWAN

## **AUDITOR'S REPORT**

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission (Plan) as at December 31, 2008 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2008 and changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
March 20, 2009

Fred Wendel, CMA, CA  
Provincial Auditor

## Statement 1

**STAFF PENSION PLAN FOR EMPLOYEES OF THE  
SASKATCHEWAN LEGAL AID COMMISSION  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
As at December 31**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Investments (Note 3)		
Forfeiture account	\$ 13,426	\$ 3,422
Guaranteed funds	4,476,778	3,142,789
Pooled funds	<u>10,516,357</u>	<u>14,168,614</u>
	<u>15,006,561</u>	<u>17,314,825</u>
<b>Liabilities</b>		
Accounts Payable	3,259	275
Due to terminated members	<u>292,203</u>	<u>23,842</u>
	<u>295,462</u>	<u>24,117</u>
<b>Net Assets Available for Benefits (Statement 2)</b>	<u>\$ 14,711,099</u>	<u>\$ 17,290,708</u>

(See accompanying notes to the financial statements)



## Statement 2

**STAFF PENSION PLAN FOR EMPLOYEES OF THE  
SASKATCHEWAN LEGAL AID COMMISSION  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
For The Year Ended December 31**

	<u>2008</u>	<u>2007</u>
<b>Increase in Net Assets</b>		
Investment income		
Interest	\$ 128,560	\$ 113,055
Current period change in market values of pooled funds	---	210,431
Contributions		
Members' required	649,411	569,680
Members' voluntary	7,300	9,935
Employer's required	<u>651,208</u>	<u>569,680</u>
Total increase in net assets	<u>1,436,479</u>	<u>1,472,781</u>
<b>Decrease in Net Assets</b>		
Current period change in market values of Pooled funds	3,432,554	---
Administration expenses (Note 4)	68,743	69,054
Transfers and refunds	<u>514,791</u>	<u>783,037</u>
Total decrease in net assets	<u>4,016,088</u>	<u>852,091</u>
(Decrease) increase in net assets	(2,579,609)	620,690
Net assets available for benefits at beginning of year	<u>17,290,708</u>	<u>16,670,018</u>
<b>Net Assets Available for Benefits     at end of year (to Statement 1)</b>	<u>\$ 14,711,099</u>	<u>\$ 17,290,708</u>

(See accompanying notes to the financial statements)

**STAFF PENSION PLAN FOR EMPLOYEES OF THE  
SASKATCHEWAN LEGAL AID COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2008**

**1. Description of Plan**

The following description is a summary only. For more complete information, reference should be made to the Plan document.

a) General

The Staff Pension Plan for Employees of The Saskatchewan Legal Aid Commission (Plan), established in 1977, is a defined contribution plan registered under *The Pension Benefits Act, 1992* of Saskatchewan.

b) Administration

The Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two appointed by The Saskatchewan Legal Aid Commission (Commission), and two appointed by C.U.P.E. Local 1949. Day-to-day administration is provided by the Commission for the Trustees. Manufacturers Life Insurance Company (Manulife Financial) was hired to provide custodial, investment management and recordkeeping services to the plan. They may use third parties to provide some of these services.

c) Contributions

Effective October 1, 2008, all employees eligible for the pension plan contribute 5.7% of their earnings. Previously, the rate was 5.5%. Notwithstanding the preceding, employees who contributed 8% as at June 1, 2005 continue to contribute 8% of their earnings as per an agreement reached between the Commission and C.U.P.E. Local 1949. The Commission matches members' required contributions. The Commission's contributions are vested after two years of service. All members' contributions made before 1994 are considered additional voluntary contributions. The Commission's contributions made before 1994 are considered required contributions and subject to the minimum requirements of *The Pension Benefits Act, 1992* of Saskatchewan.

Members may make additional voluntary contributions which are not matched by the Commission.

d) Retirement, termination, or death

Upon retirement from employment, termination or death, a member's pension benefits, subject to vesting status, must be transferred from the Plan to another financial institution. Effective September 1, 2000, a member whose employment is terminated with the Commission must elect to transfer benefits from the Plan. If the member fails to make an election within 90 days after being provided with a statement outlining options and deadlines, the member's account will be transferred to a deferred life annuity which is not commutable. Effective April 1, 2002, a member eligible to retire may transfer funds from the pension plan directly to a prescribed RRIF, subject to spousal consent.

**2. Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policy is considered significant:

Investments:

Investments in the Forfeiture account and Guaranteed funds are recorded at market value, determined by reference to original cost plus accrued interest, which approximates their fair value.

Investments in Pooled funds are recorded at market value, which is determined by reference to closing year-end unit prices. Current period changes in value of Pooled funds are accounted for in the Statement of Changes in Net Assets Available For Benefits.

For investments held, fair value approximates quoted market values.

Interest income is recorded as earned.

**3. Investments**

The Plan allows participating members to invest in either the Guaranteed or Pooled funds. These funds offer a choice of different levels of income and growth, guarantees and risk taking.

The members' interest rate risk arises from the potential adverse consequences of interest rate changes on the value of the Plan's assets.

The members' credit risk for Guaranteed funds is minimal as all investments consist of Guaranteed Investment Certificates (GICs). For Pooled funds, the Trustees Statement of Investment Policy and Goals<sup>1</sup> limits members' credit risk by regulating the aggregate and individual investments limits, by setting quality parameters of investments, and by setting constraints on allowable investments.

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<sup>1</sup> The Trustees Statement of Investment Policy and Goals is in accordance with *The Pension Benefits Act, 1992* of Saskatchewan.

Forfeiture Account: This account represents non-vested benefits forfeited by terminated employees. This fund is made up of a current interest bearing account.

Guaranteed funds: These funds are made up of a current interest bearing account and GICs from 1 to 10 years in length.

Pooled funds: The funds have no fixed interest rate as their return is based on the performance of the funds. These funds include investment in the following Manulife Financial funds at December 31, 2008:

Balanced Asset Allocation Fund: This fund is managed to provide a balance between growth of capital and current income, with a greater emphasis on growth of capital. The fund will generally maintain 60% of its investments in equity funds and 40% in bond funds, though each segment may vary up to 10% from time to time.

Growth Asset Allocation Fund: This fund is managed to provide a long-term growth of capital, with some consideration given to current income. The fund will generally maintain 80% of its investments in equity funds and 20% in bond funds, though each segment may vary up to 10% from time to time.

Conservative Asset Allocation Fund: This fund is managed to provide a high level of current income and capital preservation with some consideration given to growth of capital. The fund will generally maintain 80% of its investments in bond funds and 20% in equity funds, though each segment may vary up to 10% from time to time.

Aggressive Asset Allocation Fund: This fund is managed to provide a long-term growth of capital, with no consideration given to current income. The fund will generally maintain 100% of its investments in equity funds, though each segment may vary up to 10% from time to time.

Moderate Asset Allocation Fund: This fund is managed to provide a balance between current income and growth of capital, with a greater emphasis on income and capital preservation. The fund will generally maintain 60% of its investments in bond funds and 40% in equity funds, though each segment may vary up to 10% from time to time.

McLean Budden Fixed Income Fund: This fund is managed for a balance of security and growth over a period of at least four years. This fund invests in a diversified portfolio of high quality Canadian and foreign (up to 10%) debt securities such as bonds, debentures and T-Bills.

Leith Wheeler Diversified Pooled Fund: This fund is managed to provide a relatively stable, superior, long-term rate of return through a balanced portfolio of common shares and fixed income securities.

McLean Budden Balanced Growth Fund: This fund is managed for a balance of security and growth. This fund invests in Canadian and foreign

equities and fixed income securities issued by Canadian governments and corporations and may also invest in foreign pay bonds, up to 10% of fixed income portfolio.

McLean Budden Canadian Equity Growth Fund: This fund is managed for a balance of security and growth over a period of at least four years. This fund invests in a diversified portfolio of Canadian stocks and convertible securities.

MFC Canadian Large Cap Value Equity Fund: This fund is managed to achieve above average long-term capital growth, primarily through investment in common shares of listed Canadian companies with relatively large market capitalization.

McLean Budden Global Equity Fund: This fund is managed to provide a superior rate of return, primarily through capital appreciation. The fund invests in a diversified portfolio of 60 to 80 non-Canadian equities.

McLean Budden American Equity Fund: This fund aims for long-term capital growth by investing in well capitalized U.S. equity securities. The fund invests in large and medium sized U.S. companies.

MFC Global Pooled U.S. Index Fund: This fund aims to achieve investment results that approximate the total return of the S&P 500 Stock Index. The Fund will invest directly in common shares and may use derivative instruments such as futures in order to replicate the returns of the S&P 500 Stock Index. The Fund may also invest a portion of its funds in cash.

International Equity Fund (Templeton): This fund is managed to achieve long-term appreciation, primarily through investments in equity securities of companies outside Canada and the United States. Franklin Templeton's investment philosophy is based on identifying undervalued companies that, over time, may produce the greatest share price returns with minimum risk.

#### Investments at December 31

	2008	2007
Forfeiture account:		
Current Interest Deposit Account	\$ 13,426	\$ 3,422
Guaranteed funds:		
Current Interest Deposit Account	805,701	253,279
1 Year Term	670,908	563,160
2 Year Term	72,842	10,250
3 Year Term	465,063	188,957
4 Year Term	28,759	36,409
5 Year Term	2,407,325	2,090,734
10 Year Term	26,180	---
	<u>4,476,778</u>	<u>3,142,789</u>

Investments at December 31 continued	<u>2008</u>	<u>2007</u>
Pooled funds:		
Asset Allocation		
Balanced Asset Allocation Fund	1,083,013	1,311,356
Growth Asset Allocation Fund	496,786	652,247
Conservative Asset Allocation Fund	315,276	255,136
Aggressive Asset Allocation Fund	259,399	318,834
Moderate Asset Allocation Fund	138,791	83,856
Canadian Bond		
McLean Budden Fixed Income Fund	922,604	1,207,025
Balanced		
Leith Wheeler Diversified Pooled Fund	2,308,499	2,722,434
McLean Budden Balanced Growth Fund	1,184,313	1,402,106
Canadian Equity		
McLean Budden Canadian Equity Growth Fund	2,185,951	3,642,456
MFC Canadian Large Cap Value Equity Fund	750,424	1,223,237
Global Equity		
McLean Budden Global Equity Fund	93,149	125,036
U.S. Equity		
McLean Budden American Equity Fund	149,513	---
Fidelity Growth American Fund	---	230,953
MFC Global Pooled U.S. Index Fund	12,355	51,561
International Equity		
International Equity Fund (Templeton)	616,284	942,377
	<u>10,516,357</u>	<u>14,168,614</u>
Total investments	<u>\$ 15,006,561</u>	<u>\$ 17,314,825</u>

#### 4. Investment performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives. The Trustees review the investment performance of the Plan in terms of the performance of benchmark portfolio over 4 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance at December 31, 2008 (2007):



	Actual Rate of Return (a) 2008 (2007)	One Year Average Investment Objective Return (b)	Rolling Four Year Average Rate of Return (b)	Rolling Four Year Average Investment Objective Return (b)
GICs	Range during the year:		Not applicable	Not applicable
Daily	0.600% to 1.300% (1.275% to 1.300%)			
1 year	2.350% to 3.850% (3.525% to 4.150%)	1.83% (3.05%)		
2 year	2.700% to 3.700% (3.425% to 4.250%)			
3 year	3.100% to 4.000% (3.525% to 4.450%)	2.34% (3.14%)		
4 year	3.250% to 4.050% (3.325% to 4.350%)			
5 year	3.300% to 4.200% (3.425% to 4.300%)	2.70% (3.26%)		
10 year	3.600% to 4.550% (3.525% to 4.100%)			
Manulife Balanced Asset Allocation Fund	-18.43% (1.25%)	-15.70% (1.82%)	1.16% (9.09%)	1.73% (8.34%)
Manulife Growth Asset Allocation Fund	-25.50% (0.75%)	-22.94% (2.93%)	-0.12% (10.60%)	1.20% (10.71%)
Manulife Conservative Asset Allocation Fund	-4.08% (2.83%)	-1.76% (3.18%)	3.45% (6.39%)	3.75% (5.88%)
Manulife Aggressive Asset Allocation Fund	-31.89% (0.82%)	-30.08% (4.06%)	-1.35% (12.10%)	0.41% (12.97%)
Manulife Moderate Asset Allocation Fund	-10.83% (2.14%)	-8.70% (2.53%)	2.49% (7.73%)	2.74% (6.95%)
Manulife McLean Budden Fixed Income Fund	6.96% (2.56%)	6.41% (3.68%)	4.98% (5.15%)	5.14% (5.33%)
Manulife Leith Wheeler Diversified Pooled Fund	-16.88% (-0.16%)	-15.68% (1.91%)	1.52% (9.84%)	2.15% (9.05%)
Manulife McLean Budden Balanced Growth Fund	-17.50% (2.14%)	-15.52% (2.87%)	1.62% (8.82%)	2.26% (9.04%)
Manulife McLean Budden Canadian Equity Growth Fund	-37.88% (11.65%)	-33.00% (9.83%)	0.85% (16.81%)	1.73% (16.31%)
Manulife MFC Canadian Large Cap Value Equity Fund	-34.57% (5.35%)	-33.00% (9.83%)	-0.32% (16.21%)	1.73% (16.31%)
Manulife McLean Budden Global Equity Fund	-21.73% (-7.79%)	-25.84% (-7.53%)	-2.27% (5.3%)	-3.27% (5.86%)
Manulife McLean Budden American Equity Fund	-22.04% ---	-21.17% ---	-3.00% ---	-4.49% ---
Manulife MFC Global Pooled U.S. Index Fund	-21.82% (-10.74%)	-21.41% (-10.80%)	-4.98% (1.78%)	-4.84% (1.81%)
Manulife International Equity Fund (Templeton)	-31.29% (-6.09%)	-29.17% (-5.72%)	-2.57% (10.68%)	-1.79% (10.01%)
Manulife Fidelity Growth American Fund <sup>c</sup>	---	---	---	---
	(-9.44%)	(-10.53%)	(2.62%)	(2.07%)

a) Rates of return are before deducting investment expenses. Source: Manulife Financial's website and Aon Consulting Inc.

b) Source: Aon Consulting Inc.

c) There is no investment performance reported on the fund for the current year. The fund was removed as an investment alternative in 2008, and any balance remaining in the fund was transferred to another predetermined investment alternative.

**5. Administration Expenses**

The Plan has an agreement with Aon Consulting Inc. to help administer the annual operating expenditures associated with the Plan's administration. The Pension Plan Document allows for the payment of the following expenses from the pension fund:

- The fees of the investment manager and fund custodian; and
- Any expenses reasonably and properly incurred by the Trustees in the administration and operation of the Pension Plan and Pension Fund.

Any forfeited amounts which arise are applied towards the payment of any fees and expenses incurred by the plan.

**6. Related Party Transactions**

Transactions with the Commission (a related party) and amounts due to or from it are described separately in these financial statements and the notes thereto.

The day-to-day administration provided by the Commission and Trustees are provided without charge to the Plan.

**7. Change in accounting policy**

Effective January 1, 2008, the Trust adopted the new Canadian Institute of Chartered Accountants Handbook Section 3862, "Financial Instruments – Disclosures," and Section 3863 – "Financial Instruments – Presentation." These sections replace Section 3861, "Financial Instruments – Disclosure and Presentation." The impact of implementing these new standards had no material impact on the Plan's financial statements.